

Message Text

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ACTION SS-25

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FM USMISSION USUN NEW YORK
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INFO SECSTATE WASHDC IMMEDIATE 3455
AMEMBASSY NEW DELHI IMMEDIATE
USMISSION OECD PARIS IMMEDIATE

C O N F I D E N T I A L USUN 1382

EXDIS

FROM FRANK (IO) TO UNDER SECRETARY COOPER

E.O. 11652: GDS
TAGS: EGEN, EFIN, IN
SUBJECT: INDIA AND THE NORTH-SOUTH DIALOGUE

1. I TALKED WITH I.G. PATEL THIS MORNING ON UNDP MATTERS
(REPORTED SEPTEL) AND THE NORTH-SOUTH DIALOGUE. PATEL
CONFIRMED HE WILL PROBABLY BE GOING TO INDIA TO ASSUME
JOB AS PRESIDENT OF RESERVE BANK OF INDIA. PATEL IS
VERY CLOSE TO PM DESAI.

2. I MADE THE FOLLOWING POINTS:

(A) POSSIBLE RESULTS OF THE CIEC ENERGY COMMISSION
SHOULD BE OF SPECIAL INTEREST TO INDIA; AN EXPANDED ROLE
FOR THE IBRD IN ENERGY FINANCE, TECHNICAL COOPERATION
AND RESEARCH IN AN INTERNATIONAL ENERGY INSTITUTE, AND
CONTINUATION OF AN ENERGY DIALOGUE IN WHICH OPEC COUNTRIES
ARE HELD ACCOUNTABLE FOR THEIR ACTIONS AS THEY AFFECT
THE GLOBAL ECONOMY AND DEVELOPMENT PROSPECTS OF THE POOR
NATIONS.

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(B) ON COMMODITIES, OUR INTERESTS AND THOSE OF
INDIA SEEM LARGELY COMPATIBLE. WE ARE BOTH MAJOR IMPORTERS
AND EXPORTERS OF RAW MATERIALS AND WISH TO WORK TOWARD
COMMODITY PRICE STABILIZATION ARRANGEMENTS AND OTHER
MEASURES THAT PROVIDE A BALANCE OF BENEFITS TO PRODUCERS
AND CONSUMERS.

(C) ON OFFICIAL DEVELOPMENT ASSISTANCE, THE UNITED STATES WAS PREPARED TO INCREASE ITS EFFORTS OVER THE NEAR TERM FOR THE POOREST COUNTRIES. (I DID NOT SPECIFICALLY MENTION A POSSIBLE RESUMPTION OF A US BILATERAL AID PROGRAM TO INDIA).

(D) THERE MAY BE SOME DIFFERENCES OF VIEW BETWEEN INDIA AND THE US ON TWO CIEC ISSUES: A LONG-TERM COMMITMENT TO AN AID TARGET AND A DEBT MORATORIUM. I EXPLAINED OUR DIFFICULTIES WITH A LONG-TERM COMMITMENT TO AID WHICH WOULD BE INCONSISTENT WITH PRESIDENT CARTER'S PHILOSOPHY ON FEDERAL BUDGET PROCEDURES AND WOULD RECEIVE A POOR RECEPTION BY THE US CONGRESS, ENDANGERING IDA V APPROPRIATIONS.

(E) I ASKED IF MR. PATEL COULD USE HIS GOOD OFFICES WITH THE PRIME MINISTER OR OTHER GOVERNMENT OFFICIALS TO EXPRESS OUR DESIRE TO HAVE CIEC CONCLUDE ON A POSITIVE NOTE IN ORDER TO PRESERVE AND PROMOTE WHAT WE FEEL MAY BE TANGIBLE BENEFITS FOR BOTH INDIA AND THE UNITED STATES.

3. PATEL ANSWERED THAT THE POINTS SEEMED REASONABLE AND THAT HE THOUGHT A SUCCESSFUL CONCLUSION TO CIEC WAS POSSIBLE.

4. HE FELT A LONG-TERM COMMITMENT TO DEVELOPMENT ASSISTANCE WAS ESPECIALLY IMPORTANT TO INDIA AND THAT THEY WOULD NOT EASILY BACK OFF THEIR DEMANDS ON THIS ISSUE.
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HE UNDERSTOOD OUR CONCERNS, HOWEVER, AND THOUGHT THAT IF WE EXPLAINED FRANKLY OUR PROBLEMS WITH AID TARGETS, APPROPRIATE LANGUAGE MIGHT BE WORKED OUT. ON THE DEBT PROBLEM HE THOUGHT THAT INDIA WOULD NOT PRESS HARD THEIR DEMANDS FOR A MORATORIUM. HE SAID IT WAS IMPORTANT, HOWEVER, TO OFFER HOPE OF TANGIBLE BENEFITS FROM THE US/EC PROPOSAL FOR A CASE-BY-CASE EXAMINATION OF DEBT IN THE FRAMEWORK OF OVERALL BALANCE OF PAYMENTS AND DEVELOPMENT NEEDS. PATEL CAUTIONED THAT WE SHOULD NOT EXPECT INDIA TO BREAK RANKS PUBLICLY WITH THE G-19.

5. PATEL URGED STRONGLY THAT WE TALK WITH VAIDYA, INDIA'S REPRESENTATIVE TO CIEC IN PARIS. ON PATEL'S RECENT TRIP HOME FROM INDIA, HE SPENT A COUPLE OF HOURS WITH VAIDYA GOING OVER CIEC MATTERS. HE HAS KNOWN VAIDYA A LONG TIME AND THINKS THAT VAIDYA IS A VERY SENSIBLE AND COMPETENT MAN AND WOULD CARRY GREAT WEIGHT IN DETERMINING INDIA'S POLICY AT CIEC. NEW DELHI HAD NOT GOTTEN ITSELF COMPLETELY ORGANIZED ON NORTH-SOUTH ISSUES. THE

PRIME MINISTER IS PREOCCUPIED WITH THE COMMONWEALTH PRIME
MINISTER'S CONFERENCE IN LONDON WHICH TAKES PLACE JUST
AFTER CIEC.

6. RECOMMENDATION: THAT YOU (IF YOU HAVE TIME) OR
BOSWORTH SEE VAIDYA IN PARIS.
LEONARD

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